

# Electrification Primer for New Construction Buildings

This document provides an overview of New York City's two local laws related to the phase-out of building service equipment that involves on-site fossil fuel combustion, with additional considerations for building owners as they weigh various electric solutions for their buildings.

## NYC Local Laws Affecting New Construction

### Local Law 154

Local Law 154 (LL154), enacted in 2021, phases out on-site fossil fuel combustion for new buildings (with certain exceptions for utility-owned power generation, backup power generation, municipal waste/wastewater processing, manufacturing, laboratories, laundromats, hospitals, crematoriums, and commercial kitchens). By Dec. 31, 2025, all filings for covered new buildings under seven stories must be all-electric, except for service hot water systems. By July 2, 2027, all filings for covered new buildings — other than certain affordable housing seven stories or taller — must be all-electric. Filings for the remaining building categories must be all-electric by Dec. 31, 2027. This legislation aligns with New York state's goal of achieving a 100% clean grid by 2040. Electric equipment leads to reduced emissions, improved indoor air quality for tenants, and reduced first cost of piped fuel infrastructure.

### Local Law 97

Local Law 97 (LL97), enacted in 2019, applies to new and existing buildings 25,000 square feet and above, as well as multiple buildings — either on the same tax lot or governed by the same condo board — that together exceed 50,000 square feet. This law sets carbon emissions limits, based on square footage and use type, that tighten every five years and that lead to annual fines when exceeded. Developers of new buildings designed to meet code-minimum performance standards should not assume that their buildings will automatically comply with LL97 and should carefully consider higher-performance solutions early in design.

Most new construction buildings 25,000 square feet or greater in size will have to comply with both LL154 and LL97.

## Plan Now for 2030 and Beyond

Each building has its own near-term targets in each LL97 compliance period based on type and size. Table 1 summarizes the carbon emissions limits for three major building typologies for compliance periods 2024 and 2030.

Building Type and LL97 Emissions Limits	Multifamily Housing	Offices	Hotels
2024–2029	6.75 KgCO <sub>2</sub> e/SF	7.58 KgCO <sub>2</sub> e/SF	9.87 KgCO <sub>2</sub> e/SF
2030–2034	3.35 KgCO <sub>2</sub> e/SF	2.69 KgCO <sub>2</sub> e/SF	3.85 KgCO <sub>2</sub> e/SF

*Table 1. 2024 and 2030 carbon emissions limits in kilograms of carbon dioxide equivalent per square foot for multifamily apartments, offices, and hotels. Limits for all other building types are included in the law.*

Efficient electric buildings have a better chance of avoiding fines than buildings with on-site combustion, particularly as emissions caps tighten every five years. The initial rule-making for the first compliance period (2024–2029) sets out a road map to compliance with the upcoming tightened emissions limits, and buildings can expect future rule-making as New York City continues to refine implementation guidance.

## All-Electric Considerations

### General

All-electric heating and domestic hot water (DHW) systems provide more options and flexibility than traditional centralized fossil-fuel based systems. Electric systems can be centralized; decentralized, where the equipment is located within individual units; or even submetered or direct metered so that individual building occupants are responsible for costs. Electric systems also provide more control options, providing the potential for better system operation, optimized efficiency, increased thermal comfort, and improved indoor air quality. There are pros and cons to various electric systems and configurations — see the [NYC Accelerator All-Electric Matrix](#) for further discussion of this topic.

### Affordable Housing

Affordable housing developments benefit from delayed compliance timelines under LL154 and may qualify for alternate compliance pathways under LL97. However, HPD strongly encourages all affordable housing projects to adopt all-electric designs now, in alignment with New York City’s decarbonization goals and phased compliance beginning Dec. 31, 2025. Affordable housing developers considering all-electric construction often have questions about utility bills, particularly how to meter tenant electric heating use and whether to shift costs to tenants. NYC’s Department of Housing Preservation and Development (HPD) has published updated 2025 electric heating policies as well as revised Maintenance & Operations (M&O) Standards and Utility Allowance Tables for HPD development projects to encourage efficient systems, discourage poorly performing systems, and protect tenants.

These policies restrict the conditions and technologies for which building owners can charge tenants for electric heat:<sup>1</sup>

- Electric resistance heating and hot water heating are not permitted.
- Packaged cold-climate heat pumps may not be installed with tenant-paid heating.
- Tenant-paid electric heat is only permitted through HPD's Tenant-Paid Heat Pump Pilot, which includes specific technical and operational requirements.
- Design and system guidance: Projects are encouraged to meet 2020 EGC with NYC Overlay or LEED v4 Multifamily Midrise (Gold or Platinum); to help reduce heating loads and control operational expenses.
  - All-electric building designs should be coordinated with HPD early in the design phase, including evaluation of DHW strategies, electrical capacity planning, and renewable energy integration where feasible.

For all other buildings, owners can shift the cost of electric heating to tenants, with approval. HPD maintains NYC's monthly rent allowances for apartments that are directly metered for space heating. These allowances are used to adjust tenant rent contributions, when utilities are tenant-paid. The current utility allowances, effective March 20, 2025, are available in **HPD's 2025 Maintenance & Operations Standards and Utility Allowance Table**. The value of the rent reduction may or may not exceed the operational cost savings associated with transferring heating costs to residents, and should be carefully evaluated in underwriting.

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<sup>1</sup> <https://www1.nyc.gov/site/hpd/services-and-information/hpd-heating-policy.page>



**Ready to get started? Contact NYC Accelerator.**

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*NYC Accelerator is a program of the NYC Mayor's Office of Climate & Environmental Justice.*